

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/097 W

-----096384 191037Z /10

R 190759Z AUG 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 329
INFO AMEMBASSY LONDON

C O N F I D E N T I A L TOKYO 12662

E.O. 11652: GDS
TAGS: EMIN, ITC, JA
SUBJECT: MITI CONDITIONS FOR TIN BUFFER STOCK CONTRIBUTION

REF: LONDON 4640

1. SUMMARY: MITI CONSIDERING MAKING CASH CONTRIBUTION TO
ITC BUFFER STOCK ON CALLABLE PLEDGE BASIS, TO AVOID PLACING
TOO MUCH CASH IN HANDS OF BUFFER STOCK MANAGER. WANTS TO
KNOW WHAT CONDITIONS U.S. THINKING OF IMPOSING ON ITS METAL
CONTRIBUTION. END SUMMARY.

2. KURODA, DIRECTOR, INTERNATIONAL ECONOMIC AFFAIRS DIVISION,
MITI (OFFICE RESPONSIBLE FOR MULTILATERAL COMMODITY AFFAIRS),
CALLED EMBOFF TO MITI WEDNESDAY AFTERNOON TO OUTLINE CURRENT
MITI THINKING REGARDING JAPAN'S CONTRIBUTION TO THE ITC
BUFFER STOCK. HE BEGAN BY NOTING PRIME MINISTER FUKUDA'S
PROMISE TO THE ASEAN COUNTRIES THAT JAPAN WOULD TAKE QUOTE
NECESSARY MEASURES UNQUOTE TO MAKE APPROPRIATE CONTRIBUTION.
KURODA CONFIRMED THAT AMOUNT WOULD BE ON ORDER OF
YEN 80 BILLION (\$30 MILLION) AS REPORTED IN FINANCIAL
TIMES (REFTEL). REFERRING TO REPORTS OF CONVERSATIONS
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BETWEEN JAPANESE EMBASSY IN WASHINGTON AND EB (LENAHAN),
HE SAID HE UNDERSTOOD A U.S. DRAFT BILL WOULD BE TABLED
IN SEPTEMBER, AND THAT U.S. WAS THINKING OF CONTRIBU-
TING 4,200 TONS FROM GSA STOCKPILE, WHICH WOULD BE
EQUIVALENT AT CURRENT MARKET PRICES TO A 5,440 TON
U.S. SHARE, CALCULATED ON THE BASIS OF U.S. VOTING
RIGHTS (0.277 X 20,000 TON TOTAL CONSUMER CONTRIBUTION).

3. NOTING THAT DENMARK HAS INDICATED THAT IT INTENDED TO CONTRIBUTE TO THE BUFFER STOCK ON A NON-REFUNDABLE BASIS FOR THE DURATION OF THE ITA, KURODA ARGUED THAT MITI SAW NO NEED FOR THIS, EXPECIALLY IN VIEW OF THE CURRENT HIGH PRICES FOR TIN WHICH MEAN THAT THE BUFFER STOCK MANAGER WOULD NOT BE BUYING IN ANY CASE, AND THUS DOES NOT NEED THE CASH. HE POINTED OUT THAT THE PRODUCER COUNTRIES WOULD BE CONTRIBUTING ONLY 7,500 TONS OF THEIR TOTAL OBLIGATION OF 20,000 TONS, WITH THE BALANCE ON A CALLABLE BASIS. HE SAID HE FELT THAT THE CONSUMER COUNTRIES SHOULD RESTRICT THE AMOUNT OF CASH AVAILABLE TO THE BUFFER STOCK MANAGER, AND HE SAID MITI FEELS THAT JAPAN'S CONTRIBUTION SHOULD ALSO BE ON A CALLABLE BASIS, A POSITION HE FEELS IS NOT INCONSISTENT WITH THE PRIME MINISTER'S PLEDGE.

4. KURODA ARGUED THAT THE U.S. ALSO SHOULD SERIOUSLY CONSIDER IMPOSING SOME RESTRICTIVE CONDITIONS ON ITS METAL CONTRIBUTION, LEST THE BUFFER STOCK MANAGER HAVE TOO MUCH CASH AT HIS DISPOSAL. (HE SUGGESTED SOMETHING LIKE A REQUIREMENT THAT RECEIPTS FROM ANY SALES OF STOCKS BE REFUNDED TO THE U.S.) HE SAID HE IS CONCERNED ABOUT THIS, NOT ONLY IN THE CONTEXT OF THE TIN AGREEMENT, BUT ALSO BECAUSE OF ITS INPLICATIONS FOR DISCUSSIONS ON THE COMMON FUND. HE SAID HE IS PREPARED TO GO TO WASHINGTON, CONFIDENTIAL

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IF NEED BE, TO ARGUE HIS CASE. HE CONCLUDED BY ASKING THE EMBASSY TO INQUIRE AND TO LET HIM KNOW THE STATUS OF WASHINGTON THINKING ON THE SUBJECT.

5. THE FOREIGN OFFICE HAS NOT APPROACHED US ON THIS SUBJECT.

6. EMBASSY WOULD APPRECIATE DEPARTMENT'S GUIDANCE ON RESPONSE TO KURODA.
MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, BUFFER STOCK, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO12662
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770299-1162
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770842/aaaabjco.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3bc78457-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LONDON 4640
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1543068
Secure: OPEN
Status: NATIVE
Subject: MITI CONDITIONS FOR TIN BUFFER STOCK CONTRIBUTION
TAGS: EMIN, JA, ITC
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/3bc78457-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009